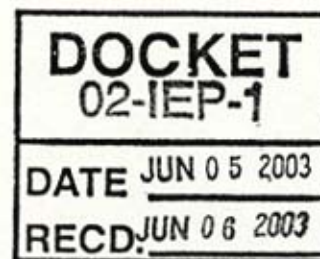




June 5, 2003

California Energy Commission  
Attn: Docket Office  
1516 Ninth Street  
Sacramento, CA 95814



Dear Commission:

RE: Imperial County Air Pollution Control District (ICAPCD) Comments on the 2003 Energy Policy Report, Docket Number 02-IEP-01.

The Imperial County Air Pollution Control District appreciates the opportunity to comment on proposed scope of the California Energy Commission's (CEC) 2003 Integrated Energy Policy Report as required by SB 1389 (Chapter 568, Statutes of 2002).

**Background:**

Imperial County is located at the southeastern corner of California. Imperial County is the ninth largest county in California with a population of 144,000 and seven incorporated cities. Agriculture is the major economic activity with tourism and cross-border commerce making substantial contributions. Imperial County is bordered on the south by Mexicali, Mexico. Mexicali is the capital of the State of Baja California with a population of approximately 1 million people. It is located directly across the border from Calexico. The main economic activities in Mexicali are: agriculture, industry, commerce and services.

Imperial County is a non-attainment area for the ozone and PM10 federal air quality standards and the Calexico area is non-attainment for the carbon monoxide state air quality standard. Mexico adopted ambient air quality standards that are similar to the United States Federal EPA standards. Most of these air quality standards continue to be exceeded in Mexicali. According to the 1998 Report of Air Quality for the Mexican Cities published by INE/SEMARNAP, the carbon monoxide standard was exceeded 77 days, the ozone standard was exceeded 30 days, and the PM10 standard was exceeded 132 days.

As a result of the deregulation of the power industry in California and the opening of the electrical industry for production of power in Mexico to private investment, a rising energy market is under development in the border region, particularly in Mexicali. The Mexican authorities have already approved the construction of three electrical projects: Termoelectrica de Mexicali (Semptra), 500 MW, Central Termoelectrica de Ciclo Combinado "La Rosita" (Intergen), 750 MW, and "Energia de Baja California" (Intergen), 329 MW. The two Intergen



facilities comprise the La Rosita Complex project. The plants are installed in Mexicali, Mexico, 2.5 Km apart from each other, and approximately 20 Km Southwest of Calexico, California. The three electrical projects are projected to be in operation in 2003. Additionally, the District has received information regarding possible construction of another three electrical projects: Mexicali II, 261 MW; Energia Industrial Rio Colorado (located in San Luis Rio Colorado, Sonora, Mexico), 940 MW, and EnviroPower, 500 MW. All these facilities propose to burn natural gas as a primary fuel with exemption of EnviroPower which is proposed to be fueled as a coal burning facility.

The level of control technology currently proposed for these facilities would meet the requirements in the Mexican regulations. However, the NOx and CO emission limits for combustion equipment in the Mexican regulations are not as stringent as the U.S. standards. The Mexican regulations allow NOx emissions up to 140 ppm with no limit for CO compared with the 2.5 ppm Nox and 4.0 ppm CO limits required by CABACT. In addition, Mexico does not require sources to provide offsets to compensate for emission increases in the air basin.

It is estimated that the La Rosita Complex and Sempra Energy Resources turbines (six total) will produce 2,094 tons per year of nitrogen oxide, which is an ozone precursor, 2,281 tons per year of carbon monoxide, and approximately 1,064 tons per year of PM10. These emissions would represent an increase of 10% of the nitrogen oxides emission inventory for Mexicali and an increase of 6.5% for the total Imperial County/Mexicali air shed. Additionally, a 1% increase of the carbon monoxide emission inventory for the air shed is expected.

The three power plants in Mexicali, Mexico are owned and operated by U.S. companies. The purpose of these projects is to generate electricity in Mexico to supply the electrical market in Northern California. As a consequence, along with the electrical projects, these companies have to create the infrastructure to supply these power plants with natural gas from the U.S. and transport the electricity from Mexico into the U.S.

The ICAPCD submitted comments to the U.S. Department of Energy on the Draft Environmental Assessment report to grant Presidential Permits to Sempra Energy Resources and Baja California Power to construct, operate, and connect the Mexicali power plants with the U.S. electrical grid. The ICAPCD requested that the Environmental Assessment address a comprehensive evaluation of all the emissions that will be produced by these power plants along with a request to incorporate into this document measures for full mitigation of all emissions. The ICAPCD request was ignored and the Presidential Permits were granted to these companies without any requirement to mitigate the impact of the air emissions from these power plants on the communities of the Imperial County.

The ICAPCD also submitted comments to the Federal Energy Regulatory Commission on the Final Environmental Impact Statement/Environmental Impact Report for the construction of the North Baja Pipeline. The primary purpose of this pipeline is to provide access to natural gas from the U.S. to the Mexicali Power plants. The ICAPCD requested that this report consider the impact of the emissions from these power plants to the Imperial County and demanded that these facilities control and fully mitigate their air emissions. Once again, the ICAPCD comments were ignored.

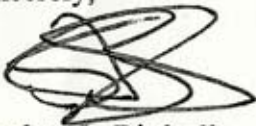


**ICAPCD Specific Comments:**

As stated previously, Imperial County is a non-attainment area for PM10 and ozone, of which nitrogen oxide is a precursor pollutant, and concentrations of ozone, carbon monoxide and PM10 in Mexicali have exceeded the Mexican standards many times. The ICAPCD feels that the emissions from the newly constructed power plants in Mexicali, Mexico, and proposed projects would have a significant adverse impact on the air quality for the Imperial County/Mexicali air shed, if not fully mitigated, due to the fact that these emissions will exacerbate the non-attainment ozone, carbon monoxide and PM10 status of the Imperial County/Mexicali border region. The ICAPCD suggests that the 2003 Integrated Energy Policy Report incorporate policies that assure the resolution of the growing demand of electricity, in California, but not at the expense of the well being of the residents of the Imperial County/Mexicali community. The ICAPCD recognizes that U.S. has no jurisdiction over electrical projects being built in Mexico; however, the ICAPCD suggests that environmental documents dealing with electrical projects which involve companies transporting fuel and power throughout the border should incorporate an evaluation of the impact of their air emissions to the residents of both sides of the border as well as measures to assure control and full mitigation of these air emissions.

If you have any questions regarding this letter, please contact the undersigned at (760) 482 4606.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen L. Birdsall", written over a circular stamp or seal.

Stephen L. Birdsall  
Air Pollution Control Officer